

James Hutchinson  
Legal Services Board  
7th Floor  
Victoria House  
Southampton Row  
London WC1B 4AD

12<sup>th</sup> August 2009

Dear Mr Hutchinson,

**Wider Access, Better Value, Strong Protection**  
**Discussion paper on developing a regulatory regime for alternative business structures**

The Law Centres Federation welcomes the opportunity to contribute to the debate on developing a new regulatory framework for the legal profession.

Law Centres are not-for-profit legal practices dedicated to providing access to civil justice for disadvantaged consumers. Law Centres have several distinguishing features.

**1. Compliance with Solicitors' Code of Conduct 2007 and the Solicitor's Accounts Rules 1998**

Law Centres are permitted to operate under Rule 13.09 of the Solicitors' Code of Conduct. Law Centre solicitors must comply with all Rules under the Code of Conduct in the same way as solicitors in private practice.

Rule 5.2 on business management dictates that Law Centres must employ a solicitor qualified to supervise, i.e. they must have a solicitor entitled to practice as a lawyer for at least 36 months within the last ten years. The Rules also specify that Law Centres must comply with the Solicitors' Indemnity Insurance Rules 2008 as amended.

Law Centres are also subject to the Solicitors' Accounts Rules including Rule 14 regarding the keeping of client accounts.

In addition, following the Immigration and Asylum Act 1999 advisers of immigration advice in Law Centres are regulated by the Office of the Immigration Services Commissioner.

## **2. Compliance with the provisions of the Companies Act 2006 and the Charities Act 2006**

Most Law Centres are incorporated charities, that is, charitable companies registered with Companies House as well as the Charity Commission.

Under Company law, Law Centres must comply with the seven new codified duties. This includes S171 to act within their powers - to abide by the terms of the company's memorandum and articles of association, S174 to exercise reasonable care, skill and diligence and S175 to avoid conflicts of interest.

Law Centres are regulated by the Charity Commission who ensures that Law Centres are accountable, well run and compliant with charity law including the preparation of reports, annual returns and accounts as required by law.

## **3. Compliance with the Legal Services Commission's Specialist Quality Mark - Quality Assurance Framework**

All Law Centres have been awarded the Specialist Quality Mark and are authorised by the Legal Services Commission (LSC) to supply complex legal help in specified areas of law and provide a full range of legal services including representation in court.

To obtain and maintain a contract with the Commission to provide legally aided services, Law Centres must comply with the seven key quality assurance areas laid down by the Commission. These cover Access to Services, Seamless Services, Running the Organisation (Staff and Management Structures, Organisational Independence, Financial control and Regulation), People Management, Running the Service, Meeting Clients' Needs and Commitment to Quality.

The Commission developed new supervisory requirements when the SQM was introduced. These include having a named supervisory for each area of work and each supervisor meeting stated relevant legal competences and supervisory standards.

## **4. Compliance with Standard Terms and Conditions of Grant Aid**

As well as funding from the Legal Services Commission, Law Centres receive funding from Local Authorities and Charities and in some instances funding from other Government Departments. Each funder has its own standard terms and conditions for grant aid, although there is some overlap between the requirements of local councils and the LSC.

Almost all Law Centres receive grants from their local council. While many requirements overlap with duties laid down elsewhere, others will be particular to the council, such as having clear aims and objectives which contribute to meeting council's objectives, the need to have a democratically elected Board of Trustees and an assurance that the Law Centre will help the council comply with their statutory duty to provide best value.

Many Law Centres receive funding from the Big Lottery who have detailed standard terms. This includes a general clause stating that the Law Centre agrees to 'meet all laws regulating the way we operate, the work we carry out, the staff we employ or the goods we buy'.

## **5. Compliance with Law Centre Federation's Rules for Membership**

The LCF has Rules for Membership which includes compliance with LCF's Minimum Criteria for Membership. Law Centres are required each year to report to the LCF on their compliance with these criteria. These include compliance with Solicitors' Code of Practice, accountability and independence.

The Rules apply to Law Centres in line with Rule 13.09 (1) (d) of the Solicitors' Code of Conduct which states 'the organisation is not described as a Law Centre unless it is a member of the Law Centres Federation'.

The name 'Law Centre<sup>®</sup>' was registered by the Law Centres Federation in 2003 (Collective Trade Mark 2109154).

### **Law Centres – Putting Consumers First**

Law Centres are motivated by their commitment to improve lives. Using their legal skills and experience Law Centres seek to obtain the best outcomes for consumers and for the communities in which they live.

Consumers are at the heart of Law Centre services. Consumers guide the legal services that are provided. Some consumers, who may have been recipients of the service, serve on the locally elected Board of Trustees along with professionals from other advice agencies and local lawyers.

The areas of law provided in Law Centres reflect local need. A few Law Centres provide family law advice, but generally Law Centres focus on the other areas of social welfare law – housing, homelessness, employment law, equality and discrimination law, immigration and asylum, benefits and debt, education, mental health, community care, and an expanding youth access to justice service. Many vulnerable people are unable to represent themselves at tribunals, and while there is no legal aid funding for this service, Law Centres have been able to carry out this function with funding from other sources.

Accessibility to Law Centre lawyers and services has been a major factor in their development. This is not only in terms of location, but also related to languages spoken, disability access and other access or approachability issues. Law Centres have always had a high percentage of lawyers from Black and Ethnic Minority communities and initiated a Black Trainee Solicitor scheme in the 1990's to address the lack of diversity in the legal profession.

### **Law Centres – Innovation**

Law Centres have initiated many new ways of providing legal services, such as duty solicitor schemes at county courts. They have combined legal casework services with legal education in the community. They have taken collective actions and test cases that have had a wider impact on consumers outside of their locality.

Being able to raise funds from other sources has meant that Law Centres are able to combine their legal work with projects, such as working in schools, supporting local voluntary and community sector with legal matters, working with children and young people, disabled people and other vulnerable groups.

## **Law Centres - Protecting the Consumer**

Law Centres are committed to providing high quality legal services. As can be seen above Law Centre activities are scrutinised by several bodies: the Solicitors' Regulation Authority, the OISC, the Legal Services Commission, local councils, charities and the Law Centres Federation. They must also comply with Company and Charity law legislation.

Law Centres undertake risk management, assessing and trying to resolve the risks associated with their work.

Law Centres are assisted by the support and training provided by the Law Centres Federation who has developed for example, an Effective Governance Manual for Law Centre paid directors and Trustees. The Manual includes Policy and Regulatory Issues Affecting Law Centres, and Business and Strategic Planning.

The LCF holds a group license from the Office of Fair Trading to permit Law Centres to provide debt advice, thus ensuring that the public are protected.

We have provided an outline of how Law Centres are currently regulated and little about their funding and their approach to providing a community based legal service – a professional quality assured service putting the needs of consumers first.

The regulation of Law Centres is currently fairly complex and we look forward to discussing with you further the classification and licensing of Law Centres as well as the simplification of the regulation regime.

Yours sincerely,

Julie Bishop  
Director  
Law Centres Federation